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C O N F I D E N T I A L LA PAZ 000433

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TAGS: [PGOV](#) [PREL](#) [ECON](#) [IR](#) [BL](#)  
SUBJECT: BILAT "RELAUNCH": HOUSTON WE HAVE A PROBLEM

REF: A. LA PAZ 428

[1](#)B. LA PAZ 408  
[1](#)C. LA PAZ 373

Classified By: Ambassador Philip Goldberg for reasons 1.4 (b) and (d)

[1](#)1. (C) Summary. During a February 26 lunch meeting at the Ambassador's residence, Vice Foreign Minister Hugo Fernandez told the Ambassador not to overreact to accusations against the USG. The Ambassador explained that continued baseless USG criticisms can only have a negative impact on bilateral relations and opinion in the U.S. He cited the most recent charges of U.S. conspiracy based on a public meeting between the Embassy and indigenous leaders. Fernandez admitted the meeting was well within normal diplomatic duties and characterized the attacks as a public "show" from a minority of Cabinet hardliners intent on making the Ambassador a "scapegoat." Fernandez added that some government officials hoped by requesting the Ambassador leave, U.S. government officials would ask him to return. Fernandez stressed that bilateral relations were too important to jeopardize for petty personal attacks and suggested the Ambassador meet privately with key Bolivian officials.

[1](#)2. (C) Although Fernandez cautioned "fighting the U.S." will always be part President Evo Morales' modus operandi, he suggested the U.S and Bolivia work on areas of mutual interest, such as counter-narcotics efforts. The Ambassador welcomed renewed cooperation, but noted it had been eight months since he proposed an agreement on net coca reduction. The Ambassador noted Codel Engel's concern about Bolivian relations with Iran, and Fernandez criticized the U.S. criteria for state sponsors of terrorism. Press reports after the lunch stressed the Ambassador's defense of USAID, which was echoed in public comments by opposition leaders. End Summary.

Meeting With Santa Cruz Indigenous Leaders  
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[1](#)3. (C) The Ambassador began a February 26 meeting with Vice Foreign Minister Hugo Fernandez by noting that he had met with indigenous leaders in Santa Cruz during a trip to that

city last week. He rebutted press reports alleging that the Ambassador had attended a ceremony when Santa Cruz civic officials gave indigenous leaders texts of the autonomic statutes in indigenous languages; the Ambassador did not attend any such meeting. Rather, the Ambassador had invited Santa Cruz indigenous leaders to meet, as he does frequently.

"Surely meeting with indigenous leaders, some of whom are opposed to the Government, does not constitute interference in internal affairs," the Ambassador said. The Vice Foreign Minister agreed that the Ambassador's meeting with Santa Cruz indigenous leaders, some of whom are opposed to the Government, is well within normal diplomatic practice.

#### Bilateral Ties More Important than Public "Show"

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¶4. (C) The Vice Foreign Minister observed that U.S./Bolivian relations are destined to be difficult, quite apart from specific issues such as the Ambassador's meeting with Santa Cruz indigenous leaders. Noting that rhetoric aimed at the United States serves an important domestic purpose for the Bolivian Government, Fernandez said "the President will always fight with the United States." Of greater concern to the Foreign Ministry than the rhetorical dust-ups between the U.S. and Bolivia is Minister of the Presidency Juan Ramon Quintana's planned visit to the United States to denounce USAID before the U.S. Congress. Fernandez remarked that the U.S. and Bolivia need to work together where possible, given the tensions that mark the bilateral relationship. "Why don't we expand cooperation in areas where we don't have problems, rather than areas where we do have problems?," he asked.

¶5. (C) The Ambassador said he understands the domestic political need of the Bolivian Government to "distance itself" from the United States Government, after decades of very close ties. He said he does not have a problem if the GOB needs to do this, but said that the constant insults and other rhetoric emanating from the Government of Bolivia make managing the relationship very difficult. Fernandez urged the Ambassador to keep working to build a better relationship with the Government of Bolivia. Signaling deep differences of opinion within the Morales Government, Fernandez reminded the Ambassador that "(Presidency Minister) Quintana is not the same as Foreign Minister Choquehuanca." Of the hardliners in the Government, Fernandez said, "They are all show."

¶6. (C) The Ambassador told Fernandez that the USG and GOB need to channel problems and resolve them if the two countries are to build better relations. Fernandez said there are two key philosophical questions facing the two countries ) (1) how do we view the future of Bolivia? and (2) how do we view the future of the bilateral relationship? We need to find some private space to work out these issues, he concluded. Fernandez suggested that the Ambassador meet privately with a group of key Bolivian officials, including Foreign Minister Choquehuanca, Minister of the Presidency Quintana, Defense Minister San Miguel, Government Minister Rada, and Fernandez himself to try to find a way forward. He noted that meetings with Quintana, Rada, and other hardliners should include Choquehuanca or Vice President Garcia Linera, both of whom are committed to a better relationship.

#### Persona Non Grata Via Public Suggestion

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¶7. (C) Vice Minister Fernandez told the Ambassador that despite the views of some hardliners in the Government, he does not believe that President Morales would declare the Ambassador persona non grata. The Vice Minister confided that he had also heard the issue had become personalized for the President but said that relations between the U.S. and Bolivia were too important to be decided on a personal basis. "This is a matter of state." Some members of the Government, mentioning Presidency Minister Quintana and spokesperson Alex Contreras, appear to believe that the USG will recall you if they simply ask, Fernandez said. Their

simplistic approach is dangerous, Fernandez remarked. Fernandez said that some members of the Cabinet wanted to make the Ambassador a "scapegoat" for the Morales Government's inability to deliver on its campaign promises in a timely fashion. Fernandez expressed his personal view that the Morales Government had failed to carry through on its campaign promises.

#### Narcotics Cooperation: Better Late than Never?

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¶8. (C) Fernandez characterized "narcotics" as one area where the two countries were already working closely together and could further expand cooperation. He said that the GOB needed help bringing cultivation in the Yungas under control; the coca producers in that region believe they have a god given right to produce as much coca as they want. But to control coca in the Yungas, Fernandez continued, the government would need to modify law 1008. The Ambassador expressed a desire to continue narcotics cooperation. The Ambassador reminded Fernandez of the U.S. proposal to President Morales to negotiate an agreement to achieve a net reduction in coca cultivation. "We still have not received a definitive response eight months later," he said. "We recognize that the Morales Government is not likely to return to forced eradication," the Ambassador commented, "but whatever approach the GOB adopts must control coca and cocaine production." At the end of the day, USG certification decisions hinge on each country's performance, explained the Ambassador.

#### Iran: State Sponsor of Terrorism

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¶9. (C) The Ambassador expressed concern about Bolivia's expanding relationship with Iran. He noted that recent Congressional visitor Jerry Weller (R-Illinois) had expressed support for ATPDEA trade preferences when in La Paz but had signaled that Bolivia's expanding relationship with Iran presented an obstacle to ATPDEA extension in the future (ref:tel C). Fernandez took issue with the USG's characterization of Iran as a "state sponsor of terrorism," saying that after September 11, all of the USG's enemies have been labeled terrorists. The Ambassador strongly disagreed.

#### Media: Confused Signals for Bilat Relaunch

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¶10. (U) Media coverage projected a bipolar message, providing reactions to the latest accusations of U.S. conspiracy awkwardly set against a background of a cordial meeting with the familiar refrain that both sides want to improve relations. The media widely covered Ambassador Goldberg's defense of a "transparent" USAID that is "in Bolivia to help with the process of development." We can talk about problems with these (USAID) projects, always, but I still have not received a call to talk about these things. We are always available to talk about anything, we are not hiding anything."

¶11. (U) Fernandez commented that the government would continue to watch USAID, but admitted the government had not (yet) presented proof for its USAID allegations. Although Fernandez admitted bilateral "differences" existed, he downplayed them as a reason to "continue talking" and for a "relaunching" of bilateral relations. Fernandez spoke of the continuing Bolivian/U.S. "friendship" and maintained that relations with United States will continue "under any circumstance. ... We cannot do without relations with the United States." Fernandez urged "a concerted effort to discuss things with frequency, with sincerity, without insults so that we do not provoke unnecessary conflicts."

¶12. (U) The Ambassador also responded recent charges the U.S. is supporting the opposition based on photo taken at a public event between Embassy and indigenous group officials (ref:tel a and b), assuring the U.S. does not provide aid to groups to oppose the Bolivian government. "Regarding a relaunching I

have always said that we want better relations." Despite Foreign Minister Choquehuanca's description that the Ambassador had been "convoked," leading daily La Razon correctly characterized the meeting as a lunch at the Ambassador's request.

#### Opposition Leaders Defend USAID

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¶13. (C) Separately, opposition leaders came to defense of USAID February 26, including Senate Foreign relations Committee Chairman Tito Hoz de Vila, Senator Roger Pinto, and La Paz Department Prefect (governor) Jose Luis Paredes. Hoz de Vila opined that if the Bolivian government should either present proof of its accusations or stop them because of the damage the charges are having on bilateral relations and potential trade agreements. Paredes called the charges "a smoke screen" to distract the public from the GOB's growing domestic woes. Pinto told Poloff the opposition plans to be more vocal in its defense of USAID because "someone has to" before "the government messes up our greatest friendship."

#### Comment

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¶14. (C) The Ambassador's meeting with Vice Minister was cordial and friendly. Fernandez let his hair down, hinting at deep divisions in the government on how to deal with the U.S. between hardliners Presidency Minister Quintana and Government Minister Rada and Foreign Minister Choquehuanca. Post appreciates members of the opposition coming to USAID's defense, but wonders when the many MAS-oriented beneficiaries of USAID projects will step up. End Comment.  
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